



PO Box 17173  
Chapel Hill NC 27516  
cashworkbooks.com  
919-264-5976



# CA\$HTALK

The Newsie Letter from the Cash Management Connection

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## COLLEGE STUDENTS AND CREDIT CARDS: A RECIPE FOR DISASTER

Okay, listen up: this is my absolute favorite thing in the world to talk about (next to my kids and "The Godfather Part I"). *COLLEGE STUDENTS AND CREDIT CARDS*. The very words make the hair on the back of my neck stand up. Credit card companies are lying in wait on almost every college campus, waving free pizzas, CD's, movie tickets and tee shirts in the faces of college students. Their goal? To get your kid to sign up for as many credit cards as they possibly can, to snag them in a web of debt from which your children may never extricate themselves. And guess what? The colleges are getting paid big dollars to allow the credit card companies to do it.

Think I'm making this up? Having been a financially reckless college student I can tell you first hand that it happens every day, and that no college student is safe from it. If you haven't taught your college-bound kids about money by now, you have between graduation and August to get them started on paying attention to what they do with their money. What are you waiting for? Here are a few things to think about:

- At the U of Tennessee, the alumni association gets \$10 million over seven years in return for allowing Chase to have exclusive access to solicit students on campus.
- Bank of America markets its services on 700 campuses in the US.
- College seniors carry an average card debt of \$2864, and freshmen \$1585.
- Credit card marketers routinely have students sign up, *then* send them the details of their



financial arrangements later, so kids are unaware of the terms of their credit cards.

You wouldn't let your kids go off to college without arming them with information about personal safety and alcohol abuse and the importance of good grades, would you? Well, don't let them go without giving them solid, basic training in managing their money, and in avoiding the perils of credit card abuse. It took me nine years to pay off the credit card debt I accrued in college. Nine years! Imagine what I could have done with that money by now. Visit these websites for more information to help you get your kids "money ready" for college:

**Credit Card Nation**  
[www.creditcardnation.com](http://www.creditcardnation.com)

**My Rich Uncle**  
[www.myrichuncle.com](http://www.myrichuncle.com)

**Feed The Pig**  
[www.feedthepig.org](http://www.feedthepig.org)

**And of course, our personal favorite:**  
[www.cashworkbooks.com](http://www.cashworkbooks.com)

If you've got seniors graduating from high school and about to head off to college, do yourself and them a huge favor and take some time before they leave to help them make a financial plan. Help them: they won't know how to do it if you don't show them. You can't make their way for them, but you can make their way *easier* by giving them the tools they need to lead financially responsible lives.

**Maureen Dolan Rosen**  
**President**  
**The Cash Management Connection**

## STARTING COLLEGE? Some quick and practical tips...

In less time than you think, you'll be on your own, working and earning a salary. You'll be 100% responsible for what you do with your money, and how you take care of it, so it can take care of you. Everybody has to live within a budget, large or small. For most college students, that budget will set the tone for how you conduct your financial future. Here are a few tips:

- 1. Credit card companies prey on young adults by appealing to what they think is your lack of knowledge about money.** You can prove them wrong by educating yourself about your finances, and by tearing up every credit card application you receive.
- 2. If you're on a college campus and getting hit with a million credit card offers, don't give in, no matter how much you want that "free" tee-shirt or CD.** Just filling out those applications will lower your future credit rating, even if you never use the card.
- 3. Here's a fact: if you have a \$1000 balance on your credit card, and you only pay the \$20 monthly minimum, it will take you 17 years to pay it off, and you'll end up paying \$4080 for that \$1000 you charged.** Duh!
- 4. Make a budget and stick to it.** You can only spend as much as you have, not more.
- 5. Credit cards are useful if you use them wisely, but they can be deadly in the wrong hands. Don't get caught up in the trap of "debt by credit card".** You'll never get out from under it. In your budget, plan a little "splurge" now and then. There's nothing wrong with spending money, just with spending beyond your means.
- 6. You're not competing with anyone (don't try to "keep up with the Joneses").** In the end, the only ones who gain from your overspending are the stores you frequent.
- 7. Save at least some portion of everything you get or earn.** Here's a fact: putting \$50 away every month starting at age 20 (and investing it conservatively, like in a mutual fund) will result in a nest egg of about \$1 million by the time you turn 60. Can't save \$50? Save \$25!
- 8. Be practical: buy groceries, not lunch out.** Even buying a six pack of bottled water, rather than a single one at the convenience store, can save you an enormous amount of money.
- 9. Start thinking long term.** You'll be on your own before you know it, and contrary to your own popular belief, your parents will not be supporting you for the rest of your life. Just ask them!



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At the **Cash Management Connection**, we believe that being in control of your finances starts with knowing where your money goes, no matter how young or old you are. Our workbooks teach basic budgeting and goal-setting, then guide the user through 12 months of tracking what they get, spend and save. We invite you to visit our website to learn more about how our workbooks can help you, or someone you know, learn how to manage money. We have versions for just about everyone! Come take a look...

- **KIDSCASH** Workbooks (age 8-12)
- **MYCASH** Workbooks (for non-kids, in pocket- and full-size versions)
- **KIDSCASH** and **MYCASH** Spanish versions
- **HISCASH** and **HERCASH** Pocket Workbooks: a great way to manage money together
- **KIDSCASH** Birthday Bundle (the perfect kid gift!)
- **MYCASH** College
- And our **KIDSCASH** and **MYCASH Personal Finance Curricula**: 10-part courses on basic money skills.



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